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July 21, 1998

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**The Honorable Magalie Roman Salas**  
**Secretary**  
**Federal Communications Commission**  
**1919 M Street, N.W.**  
**Washington, DC 20054**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

ORIGINAL

**Re: Universal Service for Schools and Libraries,**  
**CC Docket No. 96-45**  
**Invoice Process**

**Dear Secretary Salas:**

The Schools and Libraries Corporation (SLC) is in the midst of processing the Form 471 applications that were received during the 75-day window which ended April 15, 1998. At the same time, the Corporation is working with the Universal Service Administrative Company (USAC) to devise business systems to receive and process invoices. Service providers and vendors will request payment from the SLC and USAC for the amount of the discounts provided to eligible schools and libraries as prescribed by the funding commitment notifications, to be sent to applicants and service providers when the SLC completes its review of the Form 471 applications.

In accordance with the FCC's rules and Orders governing the Universal Service Support Mechanism for Schools and Libraries, the SLC is responsible for reviewing the requests for payments submitted by service providers and vendors, and authorizing payment to be disbursed by USAC. The SLC is finalizing procedures to assure that requests for payment of discounts will be processed promptly.

In the case of qualified preexisting contracts, discounts may be effective as of January 1, 1998, the beginning of the first program year.<sup>1</sup> In other situations, the discounts will be effective as of the date that a contract was signed, following the posting of a request for

<sup>1</sup> The *Fifth Order on Reconsideration*, CC Docket No. 95-45, FCC 98-120, provides that discounts will be effective January 1, 1998 or the date that services begin pursuant to contract, whichever is later. See Para. 8 of FCC 98-120.

new services in a Form 470 application to the SLC Web Site. In some instances, applicants already may be receiving the services for which the SLC will authorize payment of discounts after the SLC completes its review of the Form 471 applications received during the 75-day window. In these situations, the applicant has paid already the full price of those services already received before the funding commitment notifications are issued.


The SLC anticipates that Form 471 applicants will seek to receive the discounts for services received and paid for already. A Form 471 applicant will prepare an invoice for the amount of the discounts associated with the services received prior to the issuance of the SLC funding commitment notification letter and through some date certain, to be determined. The invoice will be submitted to and reviewed by the SLC. The SLC will notify the service provider and applicant of the amount that the SLC intends to authorize USAC to pay on the invoice. The service provider must provide the authorized discounts to the Form 471 applicant and must confirm to the SLC that the discount has been provided. Once the service provider submits this notification, the SLC will authorize USAC to disburse promptly payment of the invoice to the service provider.

Should the Form 471 billed entity applicant have received all of the services and paid in full for the services prior to the receipt of the SLC funding commitment notification, the Form 471 billed entity applicant may request the SLC to authorize USAC to issue payment directly to the Form 471 billed entity applicant. This may arise when the Form 471 billed entity applicant has paid the entire amount of the contract for which discounts are funded and all of the services under the contract already have been delivered to the eligible recipients of service. The SLC must obtain advance prior approval by the FCC before authorizing USAC to disburse any payments directly to a Form 471 applicant.

The SLC is developing the invoice form in consultation with service providers and applicants. The invoice form will include detailed instructions to implement the above-described process. The SLC intends to submit these materials to the FCC for the agency's review and consultation when they have been prepared.

If you have any questions, please contact me at 202 289 2663.

**Respectfully submitted,**

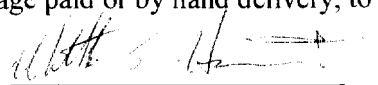


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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served this 21st day of July 1998, by mailing copies thereof by United States Mail, first class postage paid or by hand delivery, to the persons listed below.

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Schools and Libraries Corporation

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